

PROCEDURE 0510.17 Procurement Card Usage
Issued March 21, 1997

SUBJECT: Procurement Card Usage

APPLICATION: Executive Branch Departments and Sub-units.

PURPOSE: To prescribe the policies and procedures for procuring commodities and services using a credit card.

CONTACT AGENCY: Department of Management and Budget (DMB) – Financial Services

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SUMMARY: Credit cards provide State of Michigan personnel with the ability to effectively and efficiently make small, delegated purchases. The State of Michigan utilizes two categories of credit cards, procurement cards and specialty credit cards. Any other type of store, business, individual liability, or corporate credit card account is not allowed.

- The procurement card may be used for any single state purchase that is \$2,500 or less in accordance with administrative guide procedures (Policy 0510.01 [Delegated Purchase Authority for supplies, materials, equipment, printing, and services]) and other directives governing procurement methods (e.g. Executive Directives). Airplane, bus, and train tickets may be purchased utilizing designated accounts, commonly referred to as ghost accounts, for this purpose. The procurement card program is administered by DMB - Financial Services.
- The procurement card must not be used for:
 - Personal use
 - Contracted items unless prior approval has been provided by DMB Purchasing Operations.
 - Splitting orders (multiple transactions to same vendor for one purchase) to circumvent the \$2,500 single transaction limit
 - Health, legal and medical services
 - Cash advances
 - Personal travel related expenses. Use Travel vouchers to pay incurred expenses for all travel expenses other than air, bus and train tickets purchased on your ghost account.
 - Information Technology purchases without Department of Information Technology approval.
 - Training courses (seminars can be purchased on the procurement card).
 - Fuel for state travel or state vehicles.
 - Services from a 1099-reportable vendor.
- Specialty credit cards may be established and used to purchase specific items or services, such as fuel or travel as approved by the DMB.

- Exceptions to this policy may be requested from the statewide procurement card administrator. An example would be for departmentally approved users that do not have access to the fuel cards.

Promotional items obtained through the use of State of Michigan credit cards or obtained while serving in a State employee capacity are property of the State and must not be used for personal gain.

APPLICABLE FORMS: Cardholder Agreement
 Supervisory Agreement
 Individual Cardholder Application
 Procurement Card Account Maintenance Request

PROCEDURES:

Department/Agency Procurement Card Administrator:

Agencies must designate a contact person responsible for the administration of procurement cards (the agency procurement card administrator). The agency procurement card administrator will serve as the liaison between the agency and the state procurement card program manager. Agency procurement card administrators are responsible for all activities related to procurement cards within their agency.

Agency procurement card administrator responsibilities include:

- Ensure internal procedures for obtaining, using, and controlling credit cards are developed and maintained.
- Process new account applications.
- Distribute cards to cardholders with appropriate training, manuals, procedures and policies related to card usage. Maintain signed employee agreement forms on file.
- Distribute supervisor manual and procedures on credit card use to cardholder's supervisor. Maintain signed supervisory agreements on file.
- Ensure only one authorized user per card.
- Ensure a separation of duties between the roles of cardholder and approver of transaction reports. A cardholder may not be the reviewer and approver of a transaction detail or summary report for their transactions.
- Request exceptions to spending limitations as defined in this procedure.
- Review cardholder and supervisory manuals. Provide training on appropriate use of the procurement card for State of Michigan business to the cardholder and their supervisor.
- Update existing cardholder accounts (e.g. new phone numbers, changes in account limits and account closures) and maintain the supervisor list of who is responsible for transaction review and approval.
- Train employees on the Internet based system for allocation of charges.

Department/Agency Cardholder:

The procurement card is to be used for State of Michigan purchases. Personal use is strictly prohibited.

Cardholders should:

- Ensure all purchases comply with state policies and procedures, internal department/agency policies or procedures, and the cardholder manuals.
- Ensure that any other individuals do not use your card.
- Use the methods prescribed within the Cardholder Manual to determine that the purchases are not 1099 reportable. As with any other type of payment method, when appropriate, complete all Civil Service requirements regarding CS-138 reporting.
- When purchasing meals or catering for group meetings, obtain a list of attendees, document the business purpose of the meeting, and ensure that the cost per meal does not exceed the applicable travel rates.
- Request tax exemption, providing a copy of the tax-exempt letter as requested. All purchases for the State are eligible to be exempt from the Michigan Sales and Use Tax.
- Obtain all sales receipts and related documents. Attach all documentation to a department described transaction report with full employee signature for supervisory/delegated responsibility review and approval.
- Ensure each transaction on the transaction summary report is accurate.
- Follow department/agency procedures for the reconciliation and approval of the procurement card purchases.
- Report lost or stolen cards immediately to credit card service provider and the agency procurement card administrator.

Cardholder's Supervisor:

This employee is the direct supervisor of the cardholder and is responsible for the work performed by the employee.

Cardholder's supervisor/delegated approver responsibilities include:

- Approve the application for procurement card for assigned employees if it meets a business need for the department. Recommend daily and monthly spend limits and number of transactions limits to be requested on the application. Forward request to agency procurement card administrator.
- Understand your roles and responsibilities as described in the Supervisor Procurement Card manual. Sign and return the Supervisory Agreement form to the agency program administrator.
- Ensure a separation of duties between being a cardholder and approver of transaction reports. A cardholder may not be the reviewer and approver of a transaction detail or summary report for their transactions.

- Review transaction reports obtained independently from the cardholder to ensure each transaction is for an appropriate purchase. Resolve differences in transaction reports and receipts provided by cardholder.
- Confirm receipts match transactions for merchants, dollars spent, and sales tax not charged.
- Approve transaction reports with full signature and date.

DMB-Financial Services State Procurement Card Program Manager:

The state procurement card program manager is responsible for the overall administration of the state's procurement card program.

The state procurement card program manager responsibilities include:

- Analyze new accounts, card usage, and purchases from merchants by the State of Michigan.
- Ensure accurate and timely payments of credit card bills.
- Reconcile monthly amounts due to monthly amounts paid to the credit card company and resolving any differences.
- Communicate program updates and enhancements to users.
- Provide training and consulting to department staff as requested
- Provide training to agency procurement card program administrators and internal auditors.
- Review exception requests and providing written responses for either the approval or denial of authorizing the exception for purchases.
- Establish appropriate limitations to merchant categories for cardholder groups and ensuring cards are placed in the correct group.
